

## CHAPTER 12, SECTION 12.1 HIGH PRIORITY PROJECT PROGRAM

### INTRODUCTION

A **High Priority Project (HPP)** (also known as a Demonstration or Demo Project) is an earmark that has been specifically established and funded through Federal law. HPP earmarks are generally provided as part of the **Annual Transportation Appropriations Act** or the **Multi-Year Surface Transportation Authorization Act**. Both acts provide a general project description and fund amount. HPP earmarks are not restricted to any specific project type. Interchange improvements, grade crossing improvements, safety projects, bridges, and park and ride projects are examples of projects funded with HPP funds. Over the life of the HPP Program in California, there have been nearly 1000 HPP earmarks set forth by legislation, including the Transportation Authorization Act of 1982, the Surface Transportation and Uniform Relocation Act of 1987 (STURA), the Intermodal Surface Transportation Equity Act of 1991 (ISTEA), the Transportation Equity Act for the Twenty-First Century (TEA-21), the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) and multiple Annual Appropriations Acts. These projects account for nearly \$3 billion in Federal funds in California.

### INITIATION OF HPPs

HPP earmarks are initiated by Congress at the request of constituents within a given Congressperson's district. The agency, special interest group or individual that requests the project through a Congressperson is known as the **Project Sponsor**. Once a project has been earmarked, the Project Sponsor should notify and provide the **District Local Assistance Engineer (DLAE)** with a copy of the application that was sent to their Congressperson. A copy is then forwarded to the Caltrans **HPP Program Coordinator** in the Headquarters (HQ) Division of Local Assistance (DLA). Caltrans' management has adopted a position of neutrality toward initiation of HPP earmarks. Caltrans' current policy is to cooperate with local interests seeking to establish meaningful HPP earmarks both on the State Highway System (SHS) and on the Local System. Caltrans will support the local agencies during the planning process for cost-effective projects. **Caltrans cannot sponsor HPPs and cannot accept transferred sponsorship of an HPP from a local agency.**

### ELIGIBILITY

HPP funds are allocated to specific projects by law. The proposed project must therefore, match the **legislated project description** and fund amount. It is the responsibility of the Project Sponsor to assure the accuracy of the project description and fund amount. These funds can only be used for the project to which they were assigned by law. Any changes to the legislated project description or funding must be approved by Congressional action.



## FUNDING

If the legislated project description has a typographical or technical error, the local agency or district should forward the correct information to the HPP Program Coordinator through the DLAE. The HPP Program Coordinator will then coordinate with **the Federal Highway Administration (FHWA)** Division Office to make the appropriate changes.

All funds dedicated to a specific HPP may be used on any project with a scope consistent with the original legislated description. The funds may be used for one project or several separate projects adding up to the available funding limit. If the Project Sponsor wishes to modify the legislated project description, the sponsor must coordinate with the appropriate Congressperson to pursue Congressional action. A copy of any formal request to change the project legislation should be transmitted to the DLAE and the HPP Program Coordinator.

The **annual allocations** for HPP earmarks are only available after passage of the respective annual acts. The annual allocations are subject to the limits set by Congress in the appropriations act. This means that even though a certain amount of funds are allocated, the appropriations act sets limits on how much can actually be spent.

Local agencies may request **Advanced Construction (AC)** authorization for an HPP. This authorizes them to begin the work using their own funds in advance to pay for the work before Federal funds become available. The local agency must recognize that Federal reimbursement in this case is not guaranteed. In addition, AC may not be used for right-of-way acquisition except in the case of hardship or protection. The DLAE, Area Engineer and HPP Program Coordinator will approve AC on a project-by-project basis. **Requests for AC must be approved by FHWA through the E-76 process prior to any work being performed. Work performed prior to FHWA approval of the E-76 is not reimbursable.**

**Obligation Authority (OA)** is the Federal limitation placed on the amount of allocated Federal funds, which a state can obligate within a fiscal year. The HPP Program has its own special OA, which cannot be used for any other program. This special OA does not expire if not used by the end of the fiscal year and is available until expended or rescinded by legislation. However, it is subject to annual limits set by Congress in each annual appropriations act. The HPP Program Coordinator can be contacted for specific OA information.

## SAFETEA-LU

Four hundred and twenty-six projects were authorized under SAFETEA-LU. Like all HPPs, the funds allocated under SAFETEA-LU are available until expended or rescinded by legislation. SAFETEA-LU allocates funds incrementally on a yearly basis over the life of the act. These allocations, which total approximately \$1 billion, are made available at 20% per year over five years and are subject to **obligation limitation**.





The obligation limitation for SAFETEA-LU projects were as follows:

Federal Fiscal Year	04/05	05/06	06/07	07/08	08/09
Obligation Limitation	85.55%	87.048%	90.55%	92.45%	93.65%

Since the obligation limitation for this program is less than 100% of the allocations, in order to fully utilize the allocations, regular OA available from other Federal-aid Highway programs may be used to make up the short fall. This requires approval from the Metropolitan Planning Organization (MPO) or the Regional Transportation Planning Agency (RTPA), the Department, and the Federal Highway Administration (FHWA). The Project Sponsor should notify the DLAE in writing with their request. After the information is received from the DLAE, the HPP Program Coordinator will then request that FHWA transfer the shortfall amount in appropriation code funds to the L930 account. Upon transfer of funds, the L930 funds are available for obligation.

The Federal share for SAFETEA-LU HPPs is 80%. The local agency is responsible for the 20% non-Federal match and any additional funds necessary to fully fund the project. The appropriation codes for SAFETEA LU HPP projects are as follows:

Projects with SAFETEA-LU HPP#s 1-3676:

Federal Fiscal Year	04/05	05/06-08/09
Appropriation Code	HY10	LY10

Projects with SAFETEA-LU HPP#s 3677-5173:

Federal Fiscal Year	04/05	05/06-08/09
Appropriation Code	HY20	LY20

**Revenue Aligned Budget Authority (RABA)** funds are also provided for the SAFETEA-LU HPPs. RABA funds reflect revised receipt estimates to the Federal Highway Trust Fund and can be zero, positive or negative. RABA funds were provided for Federal Fiscal Year 2006. RABA funds come with their own OA at 100% and use the same appropriation codes.

The FHWA SAFETEA-LU High Priority Projects Program Implementing Guidance dated October 2006, can be

found at <http://www.fhwa.dot.gov/programadmin/103106att.cfm>. This guidance contains additional detail on SAFETEA-LU HPPs only.

For non-SAFETEA-LU project information, please contact the DLAE or HPP Program Coordinator.



## PLANNING AND PROGRAMMING HPP FUNDS

The local agencies are responsible for submitting their projects to the MPO/RTPA for inclusion in the **Federal Approved State Transportation Improvement Program (FSTIP)**. The FHWA will not obligate Federal funds for the project unless the project is included in the FSTIP.

The process for obtaining Federal authorization to proceed and placing the project under agreement is the same as for other Federal-aid projects. Caltrans and local agency staff are advised to work closely with their FHWA representatives to ensure agreement as to the degree of FHWA involvement. See Chapter 3 “Project Authorization” in the Local Assistance Procedures Manual (LAPM).

## FEDERAL FUND REQUESTS

Most HPP funds are processed (as outlined in Chapter 3, “Project Authorization” in the LAPM) through DLA. Project Managers handling HPP earmarks where the Department is the lead agency must also work with the DLA to obligate HPP funds for their project.

The local agency must request Federal funds from the DLAE. The DLAE will assure that the project for which the local agency is requesting funds fits the legislated project description. The DLAE then completes the E-76 and forwards it to the Implementation Engineer at Caltrans HQ DLA. When the DLAE fills out the E-76, both the Public Law Section and Legislated Project Number should be noted in the “State Remarks” section. The Demo ID field must also be populated. The Implementation Engineer approves the E-76 and forwards it to FHWA. Funds are not available until FHWA has fully approved the E-76. **Any work performed prior to FHWA approval of the E-76 is not reimbursable.**

For HPPs on the SHS, if a local agency has stepped forward with a contribution of its Federal-aid HPP funds, a “Local Assistance Contribution Authorization Agreement” (**Contribution Agreement**) needs to be processed. If a local agency will be doing any work, contributing its own funds, or requesting the state to perform the work for them, a Cooperative Agreement will need to be processed. The Contribution Agreement can be combined with the Cooperative Agreement.

HPP funds for projects on the SHS require a California Transportation Commission vote. When Caltrans is the administering agency of a locally sponsored HPP from SAFETEA-LU, TEA-21 or post-1998 Appropriation Acts, HPP funds are set up for **subvention reimbursement** through Caltrans Local Program Accounting. This allows Caltrans to be directly reimbursed by FHWA rather than having the funds pass through the local agency.

## FEDERAL SHARE

In accordance with 23 U.S.C. Section 117(c), the Federal share for HPP funds is 80% unless otherwise specified in law. The 20% match must come from non-Federal sources, unless the source of Federal funds has specific legislative authority that allows the match to be other Federal funds, including Federal-aid highway funds.



HPPs earmarked under Annual Transportation Appropriation Acts are generally reimbursed at 100%, while HPPs earmarked under the Multi-Year Transportation Authorization Acts are reimbursed at 80%.

Contact the HPP Program Coordinator for specific project requirements.

## CONSTRUCTION AND INVOICING

For construction and invoicing procedures, follow the standard procedure for Federal-aid projects as covered in Chapters 5, “Accounting/Invoices”, Chapter 15, “Advertise and Award Project”, Chapter 16, “Administer Construction Contracts” and Chapter 17, “Project Completion”, of the LAPM.